GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:1961
ANSWERED ON:05.12.2006
TAX LIABILITY OF NTC
Tripathy Shri Braja Kishore

Will the Minister of TEXTILES be pleased to state:

(a) whether NTC has earned capital gains during 2004-05 from the sale of their real estates;

(b) if so, the details thereof alongwith the income earned by NTC during 2005-06 from the aforesaid sale;

(c) whether NTC has requested the Government to waive off the tax liability or devised mechanism to avoid tax payment;

(d) if so, the details and the reasons therefor; and

(e) the action taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN)

(a) to (e): :During 2004-05, NTC sold surplus land worth Rs. 110.12 crores. During 2005-06, NTC earned Rs. 2196.82 crores from the sale of surplus land. In both these years, 47 properties were sold and in the process NTC was required to pay Capital Gains Tax amounting to Rs. 950 crores.

Ministry of Textiles is implementing the Rehabilitation Scheme for NTC as approved by the Government and BIFR. The scheme is self financing and the funds are to be generated through sale of surplus lands and assets of NTC mills. The Ministry of Textiles/NTC realized that a considerable amount generated from sale of surplus land would be consumed as payment of Capital Gains Tax. To that extent, the funds available for modernization and repayment of liabilities of NTC will be affected. The Group of Ministers (GOM) in 2001 approved that NTC would be exempted from the payment of Capital Gains Tax w.r.t. sale of surplus land through appropriate convenient device. The GOM, while approving the Rehabilitation Scheme, also observed that in case exemption from Capital Gains Tax was not granted, budgetary support would be provided to that extent. Accordingly, the matter was referred to Department of Revenue, Ministry of Finance for granting exemption to NTC for payment of Capital Gains Tax. The Department of Revenue advised that NTC should pay the Capital Gains Tax and in lieu of that Ministry of Finance will provide an equivalent amount collected as Capital Gains Tax as a grant to NTC. The matter is still under consideration.